

2012



Annual Report

State of Hawaii
Department of Business, Economic Development & Tourism



This report fulfills reporting requirements in both:

- **Section 7, Act 100-99, SLH, and**
- **Section 201-10, HRS**

**Department of Business, Economic Development & Tourism
P.O. Box 2359, Honolulu, Hawaii 96804
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808-586-2355**

www.hawaii.gov/dbedt



DIRECTOR'S STATEMENT

DBEDT's mission continues to be achieving a Hawaii economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawaii's citizens.

In particular, we serve as an advocate for renewable energy development, a resource for analytic data, and a facilitator for business development.

Through our attached agencies, we also foster planned community development, create affordable workforce housing units in high-quality living environments, and promote innovation sector job growth.

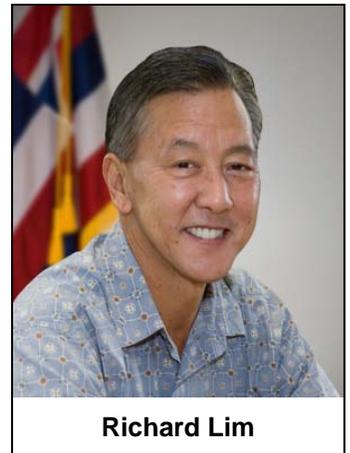
Our efforts to stimulate Hawaii's economy have been selective and effective. Realizing budgetary constraints, DBEDT has sought to focus attention on sectors where investment and development potential is highest.

In 2012, Hawaii saw steady economic growth, led by key areas such as tourism and construction. We expect to see continued positive growth in 2013.

Based on the most recent development in the national and global economy, the performance of Hawaii's tourism industry, the labor market conditions in the State, and growth of personal income and tax revenues, DBEDT expects continued positive growth in Hawaii economy in 2013 and 2014.

During the first eleven months of 2012:

- Statewide unemployment rate averaged 6.1 percent, a decrease of 0.6 of a percentage point from the same period last year.
- Hawaii's economy gained 1.5 percent or 9,000 non-agricultural wage and salary jobs compared to the same period of 2011. Job gain was due to increased jobs in the private sector; the government sector kept the same number of jobs during the first 11 months of 2012 as those in the same period a year ago. Leading the job gain were Food Services and Drinking Places (added 3,000 jobs or 5.2 percent); followed by Accommodation (added 1,950 jobs or 5.5 percent); Retail Trade (added 1,450 jobs or 2.2 percent); and Transportation, Warehousing, and Utilities (added 1,050 jobs or 3.9 percent).



Richard Lim



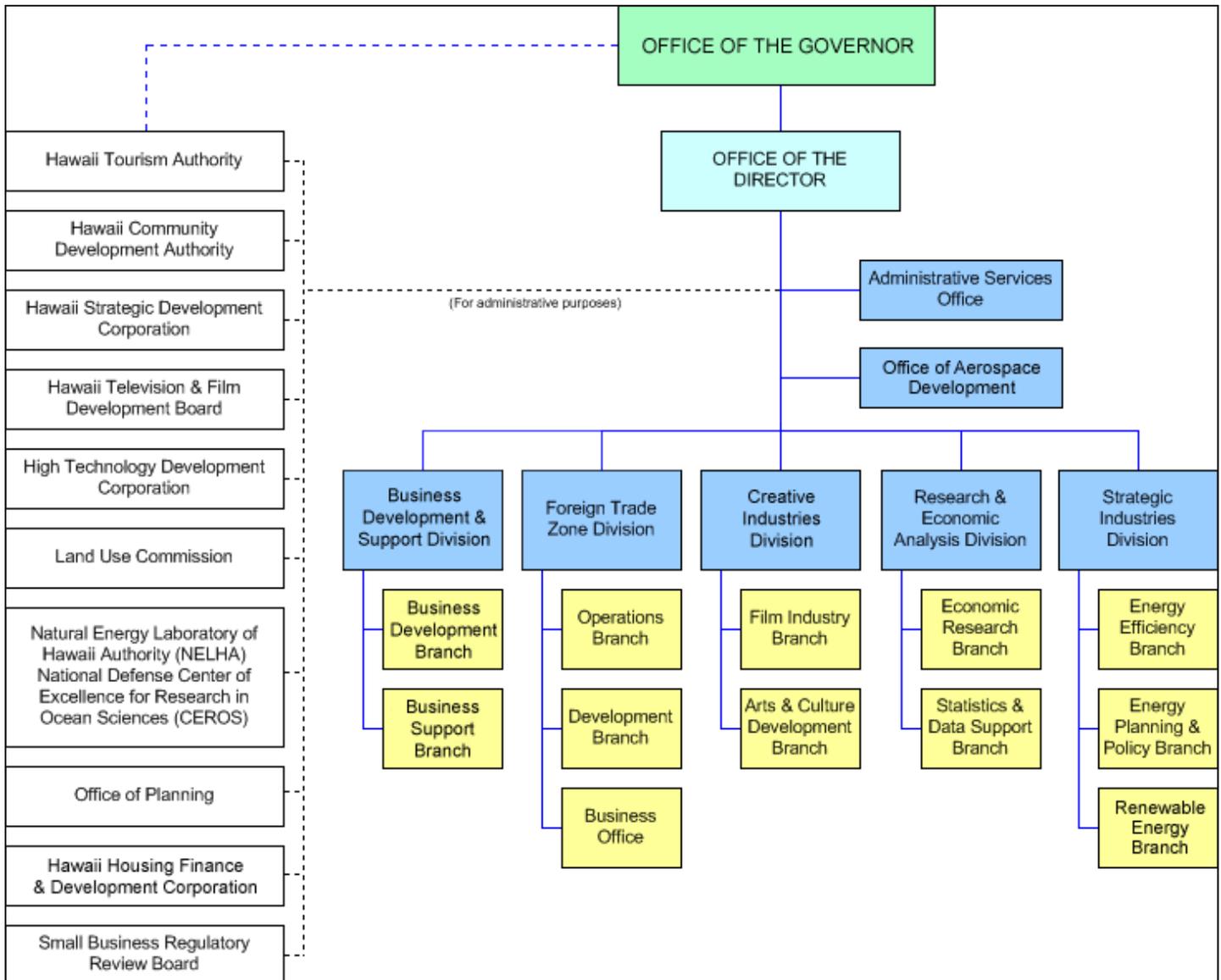
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- State General Fund Tax revenues increased \$552.8 million or 13.0 percent; General Excise and Use Tax (GET) collections increased \$236.9 million or 9.9 percent; Individual Income Tax collections increased \$164.7 million or 12.4 percent; and Transient Accommodations Tax (TAT) collections increased \$37.8 million or 13.4 percent compared with the same period last year.
 - Total visitor arrivals by air increased 656,148 or 9.9 percent from that of 2011, while visitor expenditures totaled \$12.9 billion, up 19.2 percent over the same period a year ago.
 - The total value of private building authorizations increased \$697.4 million or 40.4 percent.
 - The number of existing units sold on Oahu was up 8.6 percent for single family homes and up 9.0 percent for condominiums, respectively, compared to the same period last year. The median price for existing single family homes on Oahu was \$625,000, up 9.6 percent from the same period last year; and the median price for existing condominiums on Oahu was \$315,000, up 4.1 percent from the same period last year.
 - Construction jobs increased 0.2 percent from the same period of 2011.
 - Nominal personal income (not adjusted for inflation) increased \$2,154.7 million or 3.7 percent in the first three quarters of 2012 compared to the same period of 2011.





DBEDT

S T A T E O F H A W A I I





DBEDT DIVISIONS AND BRANCHES

Business Development and Support Division

The Business Development & Support Division (BDSB) promotes industry development and diversification in Hawaii by supporting existing and emerging industries; attracting new investment and businesses that can create more skilled, quality jobs in the State; and working to increase exports of Hawaii products and services.

Business support provides planning and coordination of programs, projects and events aimed at specific business sectors or economically-distressed areas (including rural areas and areas affected by natural disasters).

Although faced with significant downsizing, BDSB's priority is to ensure that legislatively mandated small business, international, export and community-based programs are maintained, and that federal funding is procured. This includes:

- Competing for and winning a \$703,505 grant from the U.S. Small Business Administration to increase the number of exporters in Hawaii and the dollar value of exports from Hawaii.
- Participating in, as a result of the State Trade and Export Promotion competitive grant received in late 2011, the following:
 - "Japan International Fashion Fair", the largest fashion fair in Japan, with a Hawaii pavilion of 18 local companies, generating \$120,000 in immediate sales, and \$1.55M in sales within the year.
 - "Tokyo Gift Fair", the largest gift products fair in Asia, with an Island of booths of 27 local companies, realizing \$33,000 in immediate sales, and \$2.87M in sales within the year.
 - "Bio-International", the largest bio-tech trade show in the nation, with a Section of booths of 18 companies, university and economic development professionals, securing \$200,000 in sales within the year.
 - Mission to China with Hi-Beam of 11 tech firms to China, generating \$250,000 in sales within the year.
 - Export training for 50 companies, and providing \$63,000 in cost sharing of expenses for 28 companies to increase their exports.
 - Producing the "Buy Hawaii, Give Aloha" campaign to increase the purchase of Hawaii's locally made products during the holiday season and throughout the year.
- Administering grants awarded under the Community-Based Economic Development program.
- Enrolling 20 additional firms in the Enterprise Zone program over the course of the year.
- The Region of Rabat-Sale-Zemmour-Zaer, Morocco became the first Arab and African country to enter into a sister state agreement with the State of Hawaii.

For further information, call (808) 587-2750 or visit: [Strategic Marketing & Support Division](#)



Strategic Industries Division

The Strategic Industries Division (SID) leads the State's ambitious energy agenda for the Department of Business, Economic Development and Tourism.

Today, imported oil supplies nearly all of Hawaii's energy, making it the most dependent state in the U.S. SID's overall mission is to achieve 70 percent clean energy for Hawaii by the year 2030 through the pursuit of high-impact and innovative renewable energy and energy efficiency solutions. SID is driving the State's efforts by embarking on a strategic plan to establish a clean energy infrastructure as a catalyst for economic growth, "test bed" investment opportunity and energy security.



What sets Hawaii apart is the diversity of clean energy options being simultaneously pursued. Far from being one-sided, Hawaii's clean energy portfolio currently features nearly 50 existing renewable energy projects, ranging from solar and wind to geothermal and biofuels. These renewable projects are currently generating 12 percent of the state's electricity, and we are well on our way towards reaching the 2015 Renewable Portfolio Standards (RPS) benchmark of 15 percent by 2015.

SID is committed to helping deploy the diverse mix of renewable energy infrastructure by providing technical assistance and resource expertise. In the past year and a half, we have assisted the development of 202 MW renewable energy generation projects representing approximately 54 percent of the total 2015 RPS target. SID also provides a suite of self-help tools for energy producers that can be found at energy.hawaii.gov. These tools are designed to support all energy sources and technologies with planning, permitting and siting assistance.

The State is also proud of being recognized nationally in several categories:

- 1st for energy savings performance contracting per capita
- 3rd for cumulative installed photovoltaic capacity per capita
- 3rd for clean energy job growth

With more than 11,000 green jobs statewide, Hawaii ranks third in the nation for clean energy job growth, which is helping to offset job losses in the traditional construction sector. In fact, Hawaii's solar industry has made a significant impact, accounting for 26 percent of all construction expenditures in the State in 2012. To remain focused on growing Hawaii's economy, SID's Innovation, Planning and Policy branch has an objective to spur innovation and job creation by seeking, attracting and developing clean energy opportunities for the State.



For further information, call: 587-3807 or visit: <http://energy.hawaii.gov/>



Foreign-Trade Zone Division

The Foreign-Trade Zone Division (FTZ) administers the federal grant, issued in 1965 to the State of Hawaii by the Foreign-Trade Zones Board in Washington, D.C. Hawaii has a large and diversified Zone program with nine authorized general-purpose sites and four sub-zones.

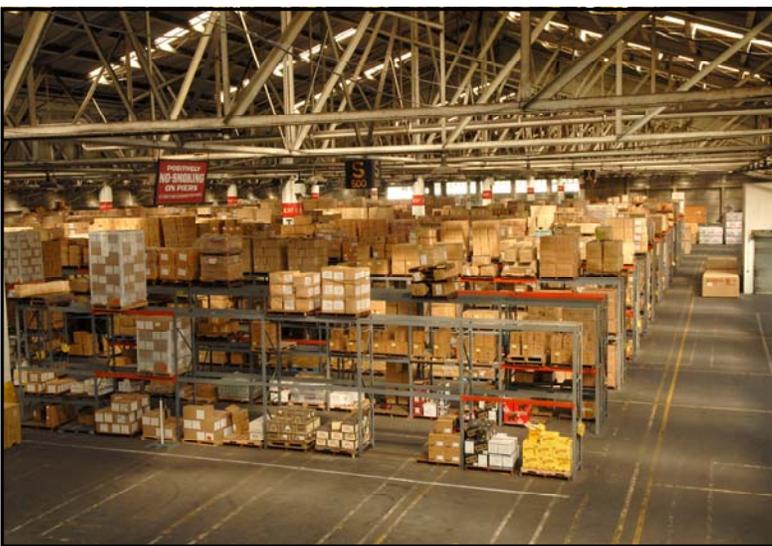
Any company that imports and exports merchandise can take advantage of the benefits of the Foreign-Trade Zone program at the Pier 2 shared-use facility.

In 2012, FTZ9 was ranked as one of the top ten Foreign-Trade Zones in the nation for exports and was ranked number two in the nation for the number of firms the program services.

The strategic goals of the FTZ Division include: 1) participate in the economic development and planning efforts of the State; 2) continue to respond to the changing economic and community demands, adjusting services accordingly; and 3) operate without the use of the State of Hawaii General Fund.

The program's operational goals include:

1) Oversee the implementation of the FTZ program on a statewide basis to make the advantages of the FTZ program available to as many qualifying firms as possible.



6) Implement information technology to reduce the transaction costs of complying with federal regulations.



2) Operate the FTZ public warehouse facility at Pier 2; provide office, exhibit, warehouse, and industrial space to qualified individual businesses.

3) Provide information to local, national, and international firms to explain the advantages of doing business in Hawaii under the auspices of the FTZ program.

4) Partner with both private and public sector entities to encourage greater participation in the FTZ program and attract new economic activity to Hawaii.

5) Continue operating the program in a self-sustaining manner without the use of general funds.



7) Plan for the expansion of services and facilities to meet the needs of businesses that qualify for FTZ utilization.

In calendar year 2011, the last year of available Foreign-Trade Zone reporting data, FTZ9 passed another milestone reaching nearly \$12.5 billion in merchandise handled through FTZ sites in Hawaii. Exports from FTZ9 sites statewide totaled over \$817 million. This is mainly attributed to the sale of jet fuel. Capital investment in FTZ sites in Hawaii totaled over \$25 million.

FTZ9 has begun development of its International Trade Resource Center at its Pier 2 facility. This \$7.5 million renovation project is a combination of funds from a federal Economic Development Administration competitive grant and State CIP monies which will expand the FTZ's available resources with additional office and shared-use facilities. When completed, this renovation project will add 30,000 square feet of office, conference, and shared work space. This new "Hub of International Trade" will be used to attract additional organizations that develop and facilitate small business development, international trade, and trade-related, non-profit organizations.

FTZ9 continues to leverage its partnerships with other trade-related government agencies and private industry to expand programs and training aimed at fostering import and export activity. These programs include the Manufacturing Extension Partnership program, Export University, and Small Business Administration programs and business development training. Each has been widely accepted and well attended. This past year, the Export University program trained more than 60 people statewide. This program is designed to educate potential exporters of the benefits and challenges of trading internationally. Of those companies participating, 18 - or nearly one third - have already recorded 32 success stories in selling to foreign markets, netting roughly \$700,000 in new export sales.

For further information, visit: <http://www.ftz9.org/>

Hawaii Foreign-Trade Zone 9

521 Ala Moana Blvd., Suite 201, Pier 2

Honolulu, Hawaii 96813

(808) 586-2507



H A W A I I
FOREIGN-TRADE ZONE
NO. 9



Creative Industries Division

Creative Industries Division (CID) is the state's lead agency focused on the development of Hawaii's creative economy. Comprised of the Hawaii Film Office (HFO) and the Arts and Culture Development Branch (ACDB), the division supports programs, initiatives and acts as a business advocate for Hawaii's entrepreneurs and artists in the arts, culture, music, design, literary, film, television, digital and new media sectors. Current initiatives are

focused on increasing the state's capacity for high-growth areas in the creative ecosystem including creative content development and product exports. Hawaii's creative clusters, particularly in the arts, culture and music sectors, are intrinsic to Hawaii's identity as a visitor destination as well as being a cornerstone, along with technology, of Hawaii's innovation-based economy.

Hawaii's creative sectors have grown 13.8% since 2001 and represent 47,264 entrepreneurs and companies. The sectors collectively generated \$3.8 billion in gross domestic product, representing 5.6% of Hawaii's total state GDP in 2011-12.

In addition to managing the statutory functions of film permitting, tax incentive and film studio management, the division established strategic partnerships with national industry organizations in music, cultural arts and film to leverage the State's investment in developing business opportunities for Hawaii's creative sectors. From novelists and songwriters to fashion designers, mainstream media is taking notice of the talent in Hawaii, helping to advance export of creative content beyond Hawaii



shores.

Thanks to the success of the Academy Award winning film "The Descendants" the opportunities for Hawaii writers and content creators have moved into the spotlight. To capitalize on this industry interest, CID, in partnership with the Hawaii International Film Festival (HIFF), launched Creative Lab in 2012; an annual conference with intensive workshops to enhance the skill sets of Hawaii writers, directors, musicians, filmmakers and new media artists.

2013 will mark the 100th year of Hawaii's leading role as a production destination, signifying its key role as an economic driver and a key component of Hawaii's creative economy. Estimated production revenues in 2012 reached \$245.5M, with an economic impact of \$380.7M, thanks to Hawaii's Production tax credit which has brought over \$1.4 billion in production activity to the State since 2006, and an estimated \$2.4 billion in economic impact.

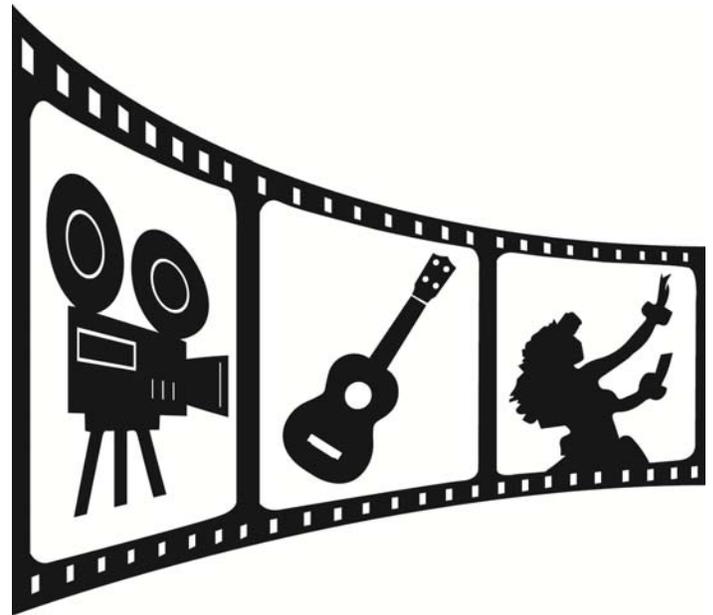




For more information, call (808) 586-2590 or visit:
[Creative Industries Division](#)

Creative Industries Branch Directory:
<http://hawaii.gov/dbedt/main/about/cid/acdb>
Phone: (808) 587-2717
Fax: (808) 587-3388

<http://www.hawaiifilmoffice.com/>
Phone: (808) 586-2570
Fax: (808) 586-2572





Research & Economic Analysis Division

The Research & Economic Analysis Division (READ) works to enhance and contribute to the economic development of the State by providing analyses and policy recommendations on economic issues. READ provides economic forecasts that contribute to long-term statewide planning and infrastructure needs assessment, and also conducts and reports on basic research on the economy of the State.

READ produces an average of 50 economic and statistical reports a year, covering all aspects related to Hawaii's economy and the population. READ and the University of Hawaii are the only agencies that conduct economic studies on a regular basis.

READ also hosts the Hawaii State Data Center that partners with the U.S. Census Bureau and publishes Hawaii data, including the decennial census, the annual American Community Survey, Economic Census, and the annual population estimates. READ's website receives an average of 800,000 hits a month.

Despite huge resource reduction over the past two years, READ has accomplished all the legislative mandates and produced the daily, weekly, quarterly, and annual data products. Some of the data products and reports READ produced include:

- Daily passenger count data online and the weekly unemployment claim data with analysis.
- The Quarterly Statistical and Economic Report with analysis and forecast.
- The State of Hawaii Data book.
- Hawaii's Monthly Economic Indicators.
- Monthly Energy Trend Data and Analysis.
- READ Quarterly Research Newsletter, highlighting recent READ products.
- Analytical/statistical reports on 2010 Census and American Community Survey data.
- Emerging Industry Benchmark Report 2012 Update.
- The 2007 State of Hawaii Input-Output Model.
- Self-sufficiency income standards 2009.
- A Hawaii's Creative Industries 2012 Update.
- A database for Hawaii Energy Industry Information Reporting Program (EIIRP), as established by Act 152, SLH 2010.

For further information: <http://hawaii.gov/dbedt/info/economic>

State Economist, Dr. Eugene Tian

Phone: (808) 586-2482

General Economic Information

Phone: (808) 586-2480





DBEDT ATTACHED AGENCIES

Hawaii Tourism Authority

The Hawaii Tourism Authority (HTA) is the official agency for tourism in the State of Hawaii. Among its responsibilities, HTA is charged with setting tourism policy and direction; developing and implementing the State's tourism strategic and marketing plan; managing programs and activities to sustain a healthy visitor industry; and coordinating tourism-related research, planning, promotional and outreach activities.

One of HTA's key strategic roles is managing the promotion of Hawaii's brand, and supporting programs to help deliver on the brand promise. This work requires HTA, as the overall custodian of the Hawaii brand, to ensure the alignment of advertising and marketing programs with a true Hawaii experience.

Successful brand management is achieved by HTA coordinating with global marketing partners, visitor industry partners, including domestic and international airline carriers, travel trade members, and community stakeholders to ensure marketing and communication efforts are on target and appropriate, and aligned with Hawaii's distinctive products, activities, natural resources, Hawaiian culture and multi-cultures; in sum, the Hawaii experience.

Relating to the Hawaii experience and delivering on the Hawaii brand promise, HTA has the ability to manage, create and support the development of unique tourism experiences such as community and cultural festivals, sporting events, natural resources and community programs. The HTA also directly affects the visitor experience through its support of workforce development and visitor assistance initiatives, all the while integrating the community and residents considerations and respect for the Hawaiian host culture.

For further information call: (808) 973-2255, or visit: www.HawaiiTourismAuthority.org.

Natural Energy Laboratory of Hawaii Authority

The mission of NELHA is to participate in the development and diversification of the economy of Hawaii by providing resources and facilities for energy and ocean-related research, education, and commercial activities in an environmentally sound and culturally sensitive manner.

The Natural Energy Laboratory of Hawaii Authority (NELHA) promotes sustainable business development and supports economic diversification by providing resources and facilities for energy and ocean-related research, development, and commercialization. This is achieved through marketing, managing and operating facilities that support sustainable utilization of available natural resources such as cold deep seawater, warm surface seawater, and high solar potential.





Facilities are located at Keahole Point in Kailua-Kona and in Puna, both on the Island of Hawaii.

NELHA's 870 acre Hawaii Ocean Science and Technology Park (HOST Park) at Keahole Point serves as a premiere site worldwide, where large volumes of both warm surface and cold deep seawater are consistently pumped ashore for use in renewable energy, aquaculture, marine biotechnology, manufacturing of potable water, and other technologies. HOST Park serves as an outdoor laboratory for research and development; as an incubator facility for developing innovative, new technologies and businesses; and as a base for commercial operations that utilize, or are otherwise related to, the use of the seawater and other resources available.

Current strategies envision growing HOST Park as a world-class test bed for potential technology commercialization using its comparative advantage as being within several hours of a diverse mixture of climatic zones as well as access to pristine deep ocean seawater. Moving aggressively into targeted areas such as applied technology development, deployment and commercialization in the fields of renewable energy, containerized technologies, fuel cells and critical infrastructure, such as secure energy storage facilities, is part of the current game plan.

HOST Park continues to be recognized as a world-class site for research on Ocean Thermal Energy Conversion (OTEC). There is currently one OTEC demonstration facility at HOST Park and current initiatives include securing an additional full-scale demonstration facility producing up to 1 MW of gross power. Additional technology demonstration will allow for partnerships with other public and private entities.

Currently more than 40 separate businesses are thriving in the park and provide for almost 600 jobs and economic impact is approaching \$100 million annually. Of the 870 acres at HOST Park, approximately 250 are readily available for lease and commercialization.

For further information, call: (808) 329-7341, or visit: <http://www.nelha.org/>

High Technology Development Corporation

The High Technology Development Corporation (HTDC) works to facilitate the growth and development of the commercial high technology industry in Hawaii.

HTDC's functions include developing, managing, and assisting technology centers statewide; creating business opportunities for the growth of technology companies and industry; marketing and promoting Hawaii's technology assets; and providing support needed by Hawaii's technology industry.

HTDC assists in developing, managing, and operating technology centers statewide, including the Manoa Innovation Center, and the Maui Research & Technology Center. These sites serve as high technology company incubation facilities to ease the transition from start-up ventures to full-fledged, independent commercial enterprises.



Despite the impact on the agency's operational funds, HTDC continues to operate at a high level, utilizing federally funded programs synergistically, leveraging partnerships with the private sector through strategic hiring, and engaging board members to assist.

HTDC activities feed each of the strategic layers of a developmental pyramid, starting with individual companies being served through incubation centers and programs; assisting and organizing sectors within the innovation industries; and having their voices and best practices filter up to affect the overall program.

At the programs and companies layer, HTDC's federally-funded Manufacturing Extension Partnership (MEP) program (rebranded as INNOVATE Hawaii Program), is expected to meet 100% of the performance metrics and quota set by the federal government.

Using the Hawaii Small Business and Innovation Research (SBIR) funding, MEP program operations have been restructured to focus on the commercialization phase of a company's product life cycle (where the economic impacts are realized as tax revenues and as high-paying jobs).

At the industry layer, HTDC worked with the Hawaii Strategic Development Corporation (HSDC) to support the Launch Akamai Venture Accelerator (LAVA) initiative. HTDC also created a software development group (WetWareWednesdays).

The Hawaii Center for Advanced Transportation Technologies (HCATT) continues to be recognized for its contributions to the Advanced Power Technology and Alternative Fuel test center at Joint Base Pearl Harbor-Hickam, resulting in an estimated double of future funding (from \$6M to \$12M), leveraging further federal dollars for the State to address the goals of the Hawaii Clean Energy Initiative.

For further information, call: (808) 539-3806, or visit: <http://www.htdc.org/>





HSDC**HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION**

Hawaii Strategic Development Corporation

The Hawaii Strategic Development Corporation's (HSDC) mission is to develop a sustainable venture capital industry in Hawaii which will stimulate the growth of viable new businesses. HSDC works to diversify the State's economy by commercializing emerging technologies and supporting the formation of innovative companies that will provide high-wage employment opportunities for citizenry.

This past year, HSDC achieved two significant milestones. In November 2012, HSDC closed its first investment in a Hawaii based venture capital fund using funds from the \$13 million State Small Business Credit Initiative (SSBCI) allocation HSDC received from the U.S. Department of Treasury. The fund, UPSIDE Fund II, is a \$6 million fund capitalized with a \$3 million investment from HSDC and a \$3 million investment from the University of Hawaii Foundation. Members of the University of Hawaii Foundation Finance Committee with venture capital experience manage the fund. UPSIDE will target investment opportunities in startups that license technology developed at the University of Hawaii. The fund has already completed two investments and is working with the university and investor communities to evaluate more investment opportunities.

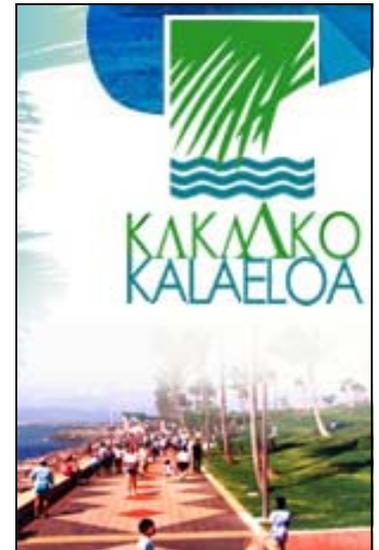
In May 2012, The Hawaii State Legislature passed a bill appropriating \$2 million for HSDC to develop a venture accelerator funding program. Governor Abercrombie signed the bill into law and HSDC began implementation of the Launch Akamai Venture Accelerator (LAVA) Program in July 2012.

In July 2012, HSDC initiated a Request for Information to solicit interest in the LAVA Program and held information sessions on Oahu, Maui and the Big Island. This effort included hosting the Accelerate Hawaii's Innovation Summit in August 2012: a conference moderated by Steve Case and showcasing Hawaii's entrepreneurs and innovators from startup and corporate companies.

The workshop was run by experienced accelerator operators from around the country. In November 2012, HSDC selected 3 Hawaii based accelerators, out of seven applicants, for funding under the LAVA Program. HSDC and the selected accelerators are now working to complete the funding for these accelerator programs, as matching private investment is required. All three accelerators are expected to be operating by early 2013.

This program seeks to support the establishment of several venture accelerators in Hawaii to enable local entrepreneurs successfully launch business able to compete in global markets and attract investment capital.

For further information, call: (808) 587-3830 or visit hsdc.hawaii.gov.



Hawaii Community Development Authority

The Hawaii Community Development Authority (HCDA) works to stimulate the economic development of specific community districts by planning and implementing community development programs and facilitating capital investments. HCDA's main objectives are:

- 1) Plan and implement capital improvement projects to upgrade infrastructure and develop public facilities to meet Hawaii's economic and recreational needs; and
- 2) Implement long-term planning initiatives to support residential development in a mixed-use community.

HCDA has sought to reduce its expenditure of general funds, maximize returns on its management of agency holdings and assets and promote economic development and new investment within the Kakaako and Kalaeloa Community Development Districts.

From 2010 through 2012, HCDA invested approximately \$45 million of HCDA revolving funds in public facilities projects such as construction and renovation of public parks, street improvements, and affordable housing in the Kakaako Community Development District.

HCDA completed and adopted a community-based conceptual master plan for Kakaako Makai.

For further information, call: (808) 594-0300, or visit:
<http://www.hcdaweb.org/>

Office of Planning (OP)

OP's mission is to guide the overall growth and development of the State through a statewide comprehensive planning framework.

OP prepares plans and planning studies and conducts policy analysis primarily on issues related to land, coastal, and ocean uses. OP administers the Planning Division, which includes the Special Plans Branch, Hawaii Coastal Zone Management (CZM) Program, Geographic Information System (GIS) Program, and the \$2 million Brownfield Cleanup Revolving Loan Fund (HBCRLF). The CZM



Program guides and determines acceptable activities and uses of resources for Hawaii's valuable land and water resources in the State's coastal zone.

OP also administers the Land Use Division (LUD). LUD prepares the State's position on quasi-judicial proceedings before the State Land Use Commission (LUC). LUD coordinates with affected State agencies and the petitioner to assure that a petitioner's project proposal (1) is consistent with State regulatory requirements, and (2) commits to mitigation that addresses reasonably foreseeable impacts of a proposed project on State resources. The LUD ensures that the LUC's decision and orders include terms and conditions that protect the State's interest in the long-term, sustainable use of limited State resources, such as land, water, and State infrastructure facilities.

During calendar year 2012:

- OP worked with many stakeholders to formulate climate change adaptation policies. Legislation to add climate change adaptation as a new Priority Guideline in Part III of the Hawaii State Planning Act (HRS Chapter 226), was submitted to the legislature as an Administration bill. The bill passed the state legislature and was signed into law by the Governor.
- OP worked with the Office of Information Management & Technology to develop a State Strategic Planning Framework to operationalize the New Day Vision into an actionable, measureable, five-year plan.
- OP supported land use projects proposed before the LUC that included a workforce-housing component. These projects included the Kula Ridge Maui project, A&B Properties' Waiale master planned development in Central Maui, Koa Ridge Makai/Castle & Cooke Waiawa master planned communities, and the Hoopii mixed-use residential project in Ewa.
- OP supported Important Agricultural Lands (IAL) designation of 56,700 acres on the island of Hawaii. The designation also allows the petitioner and lessees of land designated as IAL to be eligible for tax incentives and other agricultural investments such as irrigation systems, agricultural processing facilities, etc.
- OP is working with petitioners before the LUC to prepare sustainability plans for their land use projects.
- The CZM Program provided CZM and Special Management Area (SMA) training session to Leeward and Windward Planning Commissions of the County of Hawaii, Kauai Planning Commission, and Maui Planning Commission, respectively. The training addressed the purpose of the SMA permit, the consistency of processing the SMA permit applications, and the need for an essential nexus between the SMA permit conditions and the CZM objectives, policies and SMA guidelines. At the request of the Hawaii County Council, OP also gave a presentation to the Planning Committee of Hawaii County.



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- CZM Program, in consultation with community stakeholders and county, state, and federal agencies, is currently updating the statewide Ocean Resources Management Plan. Two rounds of statewide listening sessions were held.
 - OP prepared the “Increased Food Security and Food Self-Sufficiency Strategy”, “Technical Reference Document” and an “Assessment of Irrigation Systems in Hawaii”. This project was funded through a grant from the U.S. Economic Development Administration.
 - GIS Program, in cooperation with the DBEDT Energy Office, worked to develop and deploy a web mapping application to provide site-specific information about renewable energy resources which is intended to help landowners, developers, and policy makers understand the renewable energy potential of sites statewide.
 - GIS Program also collaborated with the Energy Office on revising and updating mapping and analysis for ocean resources and restrictions for wave energy, and high temperature resource areas for Maui and Hawaii.

For further information, call: (808) 587-2846, or visit: <http://hawaii.gov/dbedt/op/>



Hawaii Housing Finance and Development Corporation

The mission of the Hawaii Housing Finance and Development Corporation (HHFDC) is to increase and preserve the supply of workforce and affordable housing statewide by providing leadership, tools, and resources to facilitate housing development. HHFDC currently has a production plan in place to deliver over 5,000 units over the next five years. As of June 30, 2010, HHFDC has assisted in the delivery of 3,289 affordable/workforce housing units.

The HHFDC also works to heighten awareness of housing needs for lower-income, moderate-income and gap-group households, particularly with those groups that can have an impact on the production of such housing including the Legislature and the Administration, federal, state, county and community officials, and the business community.

As the economy comes out of recession, affordable housing developers still have difficulty obtaining private capital. HHFDC's financing and development tools continue to be needed to support affordable housing development.

HHFDC enters into public-private partnerships to construct or preserve rental and for-sale housing. The provision of tools and resources such as financing, land, and assistance with land use and zoning approvals facilitate housing development and, thereby, stimulate the economy without reliance on general funds. Through public-private partnerships, 448 newly constructed rental and for sale units were added to the affordable housing inventory statewide.

State and County land use approvals under Chapter 201H were obtained for Kamakana Villages at Keahuolu, a 2300-unit master planned community located in Kailua-Kona on the Big Island, and Halekauwila Place, a 204 family rental unit high-rise in the urban core of Honolulu

\$43.5M in Hula Mae Single Family below market rate mortgages and \$12.5M in Mortgage Credit Certificate federal tax credits were made available to eligible first-time homebuyers.

For further information, call: (808) 587-0597, or visit:
<http://hawaii.gov/dbedt/hhfdc>



Land Use Commission



Land Use Commission

The Land Use Commission (LUC) works with the State Legislature, County Planning Departments, interest groups and landowners to define constitutionally mandated standards and criteria for the classification of land, assisting in planned growth and protecting important agricultural lands in the State of Hawaii. The Commission also engages the county planning departments in enhancing and clarifying the special permit process in the Agricultural Land Use District.

The program objectives of the Land Use Commission are to process, review, and act on petitions for district boundary amendments which involve lands over 15 acres in the State Agricultural, Rural, and Urban Districts and all petitions seeking reclassification of lands in the Conservation District; review and act on applications for special permits in the Agricultural and Rural Districts which are over 15 acres; developing, in conjunction with the counties and the state legislature, maps and boundary designations for all of the State's Important Agricultural lands; designating the same for protected status; process of private landowner petitions for designation of their lands as important agricultural lands; process motions and boundary interpretation requests; and maintain, update, and disseminate official State land use district maps and land use information.

The LUC operates by means of a nine-member voluntary Commission, assisted and supported by the Executive Officer, clerk, GIS specialist and two planners (five employees).

There are currently 8 active boundary amendment petitions pending before the LUC involving approximately 3000 acres. There is one active Important Agricultural Land petition from a private landowner for designation of approximately 12,000 acres. The LUC expects petitions totaling around the same acreage to be filed over the next two years. Also in the next two years it is expected that Kauai and Oahu county will submit request to designate lands within their respective jurisdiction Important Agricultural Lands, giving heightened protection to several thousands of acres. In addition to district boundary amendments, special permits, IAL petitions and declaratory rulings, the Commission staff also will annually process approximately 1,400 verbal and written requests for boundary interpretations involving lands statewide.



During FY12, the LUC approved petitions that will produce substantial amounts of affordable and entry level housing. The Hoopili and Koa Ridge projects, approved in June 2012, will include a significant number of affordable homes while also creating thousands of jobs in Hawaii. The LUC's activities also involved the preservation of natural, historical, and cultural resources as well as the development of uses that diversified the State and local economy, created jobs, increased State and county revenues, and attracted new economic activity.

Vision:

The LUC will continue its active implementation of the State's Constitutional mandate to identify and protect Important Agricultural Land (IAL).

The Commission will also seek ways to more quickly process land use boundary change petitions consistent with its legal mandate to determine the best uses of the land in the public interest through implementation of the State Land Use Law.

For further information, call: (808) 587-3822, or visit: <http://luc.hawaii.gov/>

Small Business Regulatory Review Board

The Small Business Regulatory Review Board's mission is to provide recommendations to State Agencies and Counties on new, amended, and existing administrative rules that impact small business. The Board is also responsible for reviewing rules upon the request from small business owners or at the Board's initiative. Upon review of these rules, the Board may recommend to the state legislature or relevant state agencies that they amend any overly burdensome regulations. The board also evaluates State agencies' responsiveness to small business concerns and reports these findings to the legislature.

For further information, call (808) 586-2594.



Office of Aerospace Development

The Office of Aerospace Development (OAD) provides a focal point within State government to facilitate dialogue and coordinate among Hawaii's government, private and academic sectors, and between State-based entities and overseas organizations to promote the growth and diversification of Hawaii's aerospace industry.

Major activities for OAD in 2012 included:

- Securing a Federal Aviation Administration Space Transportation Infrastructure Matching (STIM) Grant (\$250K) to conduct the environmental assessment and other studies required to obtain a commercial spaceport license for Hawaii (as mandated/funded through Act 101 from the 2012 Session).
- Contracting with the Research Corporation of the University of Hawaii to hire staff for the Pacific International Space Center for Exploration Systems (PISCES) and working with DAGS to initiate development of a PISCES-managed aerospace R&D park on the Big Island (as mandated/funded through Acts 169/106 from the 2012 Session).
- Coordinating the 2012 PISCES Conference on Planetary Surface Systems on the Big Island to help seed international, public-private partnerships that will design and fund technology testing and evaluation programs at the aerospace R&D park being developed at PISCES.

For further information, call (808) 586-2388



Department of Business, Economic Development & Tourism
Statement of Operating Appropriations, Expenditures, and Encumbrances
For the Period July 1, 2011 - June 30, 2012

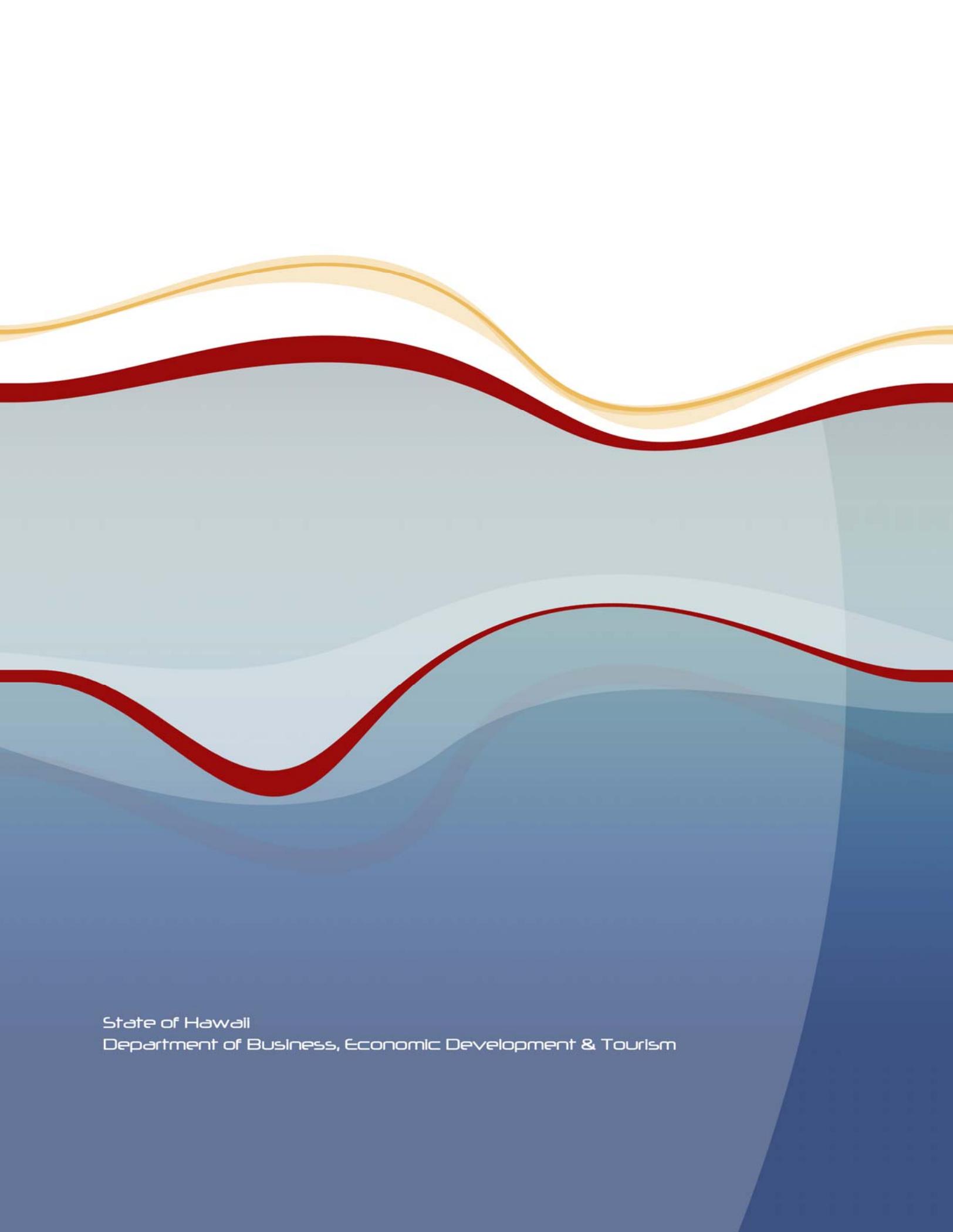
<u>General Funds</u>	<u>Adjusted</u> <u>Appropriations</u>	<u>Restrictions</u>	<u>Expenditures &</u> <u>Encumbrances</u>	<u>Balance</u>
<u>BED 100 Business Development & Support</u>				
Business Development & Support Division	1,099,223	5,479	1,052,486	41,258
<u>BED 103 Statewide Land Use Management</u>				
Land Use Commission	476,993	2,855	422,274	51,864
<u>BED 105 Creative Industries</u>				
Creative Industries Division	795,242	34,475	734,340	26,427
<u>BED 120 Environmental & Energy Development</u>				
Strategic Industries Division	297,520	51,856	226,537	19,127
<u>BED 128 Office of Aerospace</u>				
Office of Aerospace	76,281	655	74,897	729
<u>BED 130 Economic Planning & Research</u>				
Research and Economic Analysis Division	825,392	6,694	721,975	96,723
<u>BED 142 General Support for Econ. Development</u>				
Office of the Director & Admin. Services Office	1,487,821	39,016	1,343,681	105,124
<u>BED 143 High Technology Development Corp.</u>				
High Technology Development Corporation	1,037,704	2,898	1,034,564	242
<u>BED 144 Statewide Planning & Coordination</u>				
Office of Planning	<u>1,078,627</u>	<u>7,624</u>	<u>926,399</u>	<u>144,604</u>
Total General Funds	<u>7,174,803</u>	<u>151,552</u>	<u>6,537,153</u>	<u>486,098</u> (1)



<u>Special & Revolving Funds</u>	<u>Adjusted Appropriations</u>	<u>Restrictions</u>	<u>Expenditures & Encumbrances</u>	<u>Balance</u>	
<u>BED 107 Foreign Trade</u>					
Foreign Trade Zone Special Fund	2,066,145	31,167	1,631,521	403,457	
<u>BED 113 Tourism</u>					
Tourism Special Fund	87,152,066	59,446	74,374,541	12,718,079	
Convention Center Enterprise Special Fund	<u>54,010,232</u>	<u>5,133</u>	<u>45,782,474</u>	<u>8,222,625</u>	
BED 113 Total	141,162,298	64,579	120,157,015	20,940,704	
<u>BED 120 Environmental & Energy Development</u>					
Energy Security Special Fund	3,535,300	57,887	3,035,200	442,213	
Renewable Energy Facility Siting Special Fund	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	
BED 120 Total	4,085,300	57,887	3,035,200	992,213	
<u>BED 143 High Technology Development Corp.</u>					
High Technology Special Fund	3,755,410	13,594	555,789	3,186,027	
<u>BED 145 Hawaii Strategic Development Corporation</u>					
Hawaii Strategic Development Revolving Fund	4,218,756	4,670	136,978	4,077,108	
Hydrogen Investment Capital Special Fund	<u>2,608,519</u>	<u>-</u>	<u>1,062</u>	<u>2,607,457</u>	
BED 145 Total	6,827,275	4,670	138,040	6,684,565	
<u>BED 146 Natural Energy Laboratory of HI Authority</u>					
Natural Energy Laboratory of HI Authority Special Fund	7,672,917	42,160	4,274,609	3,356,148	
<u>BED 150 Hawaii Community Development Authority</u>					
HI Community Development Authority Revolving Fund	691,863	7,679	656,384	27,800	(2)
Kalaeloa Community Dev. District Revolving Fund	<u>394,955</u>	<u>6,190</u>	<u>283,079</u>	<u>105,686</u>	(2)
BED 150 Total	1,086,818	13,869	939,463	133,486	
Total Special & Revolving Funds	<u>166,656,163</u>	<u>227,926</u>	<u>130,731,637</u>	<u>35,696,600</u>	(3)
Total Funds (4)	<u>173,830,966</u>	<u>379,478</u>	<u>137,268,790</u>	<u>36,182,698</u>	

Notes:

- (1) Represents the unrestricted general fund balances that lapsed at June 30.
- (2) Reflects the appropriated portion of the HCDA Revolving Funds.
- (3) Represents the special fund unexpended appropriation balance at June 30.
- (4) Statement does not include DBEDT's loan revolving funds, the High Technology Revolving Fund, the Brownfield Cleanup Revolving Fund, and the appropriations of the Hawaii Housing Finance & Development Corporation. Also excludes federal, trust, and capital improvement appropriations.



State of Hawaii
Department of Business, Economic Development & Tourism